



Sino-Forest Corporation

FOR IMMEDIATE RELEASE

## **Sino-Forest Signs Long-term Tree Acquisition Agreement in Fujian Province**

TORONTO, CANADA – August 11, 2008 -- Sino-Forest Corporation (“Sino-Forest”) (TSX:TRE and TRE.S), a leading commercial forestry plantation operator in China, is pleased to announce the signing of an agreement to acquire 200,000 hectares of non-state-owned, plantation trees in Fujian Province through Sino-Panel (Asia) Inc. (“Sino-Panel”), its wholly-owned subsidiary. The Master Agreement for Acquisition of Pine, Chinese Fir and Eucalyptus Forest (“Agreement”) is with Zhangzhou Lu Sheng Forestry Development Company Limited (“Lu Sheng”), which will act as the authorized agent for the original plantation rights holders.

Under the Agreement, Sino-Panel will, through PRC subsidiaries of Sino-Forest, purchase 200,000 hectares of trees in Fujian with a price not to exceed RMB350 per cubic meter (m<sup>3</sup>) or approximately US\$51.40 per m<sup>3</sup> over a 10-year period. The plantations under Agreement include mature trees with an estimated wood fibre yield of 100 to 120 m<sup>3</sup> per hectare, or an aggregate 20 to 24 million m<sup>3</sup> of wood fibre. In addition to securing the maximum tree acquisition price, Sino-Panel has pre-emptive rights to lease land at a price not to exceed RMB450 per hectare per annum for 30 years. The permissible land lease term is up to 50 years under PRC laws and regulations after harvesting. The specific terms and conditions of such purchase or lease are to be determined upon the execution of definitive agreements between the PRC subsidiaries of Sino-Forest and Lu Sheng upon the authorisation of the original plantation rights holders, and subject to compliance with the relevant PRC laws and regulations.

Sino-Forest Chairman and CEO Allen Chan said, “We are very pleased to sign another long-term agreement that locks up a significant volume of standing timber. Over the past two years, we have locked up a total 950,000 hectares of standing timber, including this Fujian deal, at an agreed maximum acquisition price per cubic metre. This is beneficial to Sino-Forest as we expect demand for fibre and its market price to grow continuously and steadily.”

Allen Chan added, “Fujian is strategically located along the coast of south-east China and we have been operating in this province since 2001. Our intention is to apply our forestry management expertise to convert low-yielding plantation forest to fast-growing, high-yielding plantations, and to establish an integrated upstream plantation and downstream manufacturing operations similar to our base of operations in the south-west China. This will enhance economic development and local employment, which aligns with the Central Government’s 11th 5-Year Plan.”

### **About Fujian**

Fujian is strategically located along the coast of south-east China, next to Zhejiang, one of the major, wood-product manufacturing hubs in China, and facing Taiwan across the straits. It stretches from the Yangtze River Delta to the north to the Pearl River Delta to the south with a vast hinterland. The total land area of Fujian covers 121,400 square kilometres. The province has 9 major cities and is subdivided into 84 counties. Largely made up of mountain and hills, Fujian is ranked first nationwide in terms of forestry coverage (approximately 62% of land area). Fujian has a subtropical climate, with warm winters. In January, temperatures in the coastal regions average around 7 to 10 °C and 6 to 8 °C in the hills. Average annual precipitation is 1,400 to 2,000 mm. The province has a total population of approximately 35 million.

## **About Sino-Forest Corporation**

Sino-Forest Corporation is a leading commercial forestry plantation operator in China. The Canadian company started its operations in 1994 and was of the first few foreign and privately managed operators involved in forest products in China. Its principal businesses include the ownership and management of forestry plantation trees and sales of standing timber, wood logs and complementary manufacturing of downstream engineered-wood products. The Corporation's common shares trade on the Toronto Stock Exchange under the symbol TRE since 1995.

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*Please note: This press release contains projections and forward-looking statements regarding future events. Such forward-looking statements are not guarantees of future performance of the Company and are subject to risks and uncertainties that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. Such risks and uncertainties include, but not limited to, changes in China and international economies; changes in currency exchange rates; changes in worldwide demand for the Company's products; changes in worldwide production and production capacity in the forest products industry; competitive pricing pressures for the Company's products and changes in wood and timber costs.*

*All amounts in US dollars are translated at a rate of RMB6.85 to US\$1.00.*

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